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5 August 1956

PROJECT CORONA

1. Under date of 15 April 1956 an outline (document number COR-0013) of the above Project, including an estimate of its cost, was submitted for the approval of higher authority, after discussion with the senior officers of the organizations concerned. The desired approval was granted and was accompanied with the specific instruction that all funding for development and procurement of hardware for CORONA must come from (a) the Central Intelligence Agency, and (b) the Advanced Research Project Agency. Partly, as a result of this instruction and partly because the assumptions underlying the final estimates in the Project outline were incorrect, stated, it appears desirable to present a revised estimate at this time.

2. The Project outline contained the following estimates and statements with respect to financing:

a. That covert procurement of the payloads for twelve CORONA vehicles would require [redacted] which would be provided by the CIA.

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b. That twelve Thor (first stage) boosters and Lockheed second stage vehicles would cost approximately [redacted] on the basis of a rather arbitrary allowance of [redacted] per completed vehicle.

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c. That this procurement of vehicles would be financed for the most part by ARPA through the Air Force but that there was some question concerning the allocation of the cost of the Thor boosters.

d. That in any case the whole cost of the basic vehicles (but not of the payloads) would be funded within then approved programs.

3. The following are the specific circumstances that now require revision of the foregoing statements:

NRO review(s) completed.

USAF and DARPA review(s) completed.

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a. The allowance quoted in paragraph 2.b. above of [] per unit for the cost of the vehicles was incorrect. This figure was furnished for inclusion in the Project outline on the assumption that the Air Force would absorb the cost of Thor boosters. [] is the unit cost of the Lockheed second stage vehicle only. That of the Thor is approximately []. Accordingly, the true cost of each completed vehicle, including first and second stages (but excluding payload) amounts to [].

b. The instruction referred to in paragraph 1. above ruled out the absorption of any part of these costs by the Air Force. Accordingly, the cost to ARPA of 12 completed vehicles will be [] instead of [] as stated in the Project outline.

c. In addition to the 12 Thor/117L vehicles which will be equipped with CORONA recoverable reconnaissance payloads, some 7 additional launchings of the same basic vehicle are programmed. Two of these will be instrumented vehicles for second stage propulsion and guidance tests; two will have as their primary purpose the testing of the recoverable capsule and recovery procedure but will carry small animals; and three will be biomedical vehicles carrying primates. The last named group of three are believed justified without reference to CORONA for the contribution they will make toward the Man-in-Space program but they will also serve significantly to improve the cover for the CORONA firings. The Thor test firings are essential to CORONA but will also flight test the second stage vehicle, which is essential to the basic 117L program. Thus some part of the cost of these seven non-CORONA vehicles could properly be charged to CORONA, since they are in varying degrees necessary for, or essential to, its success. On the other hand, any specific allocation of these costs would be arbitrary, since these seven firings also contribute or are essential to other programs in varying degrees.

d. It is understood that ARPA programs have been revised in the light of the above circumstances to include funds for 19 Thor/117L vehicles but that a problem may remain with respect to the cost of the biomedical recoverable capsules. This could affect CORONA since elements of the recovery system are common to CORONA and the biomedical program and part of its cost is being borne by the latter.

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SA/PD/DCI:RMB:djm

1-Gen. Goodpaster - White House

2-USAF-Quarles via Horner

3-Bureau of the Budget - Stans via Macy

4-ARPA - Roy Johnson via Gise

6-BMD/USAF - Ritland

5-SA/PD/DCI Subject (RMB)

7 ~~6~~ Dir D&P/DPS/DCI [] & Kiefer)

8 ~~7~~ Deputy Director, DPS/DCI

9 ~~8~~ Comptroller DPS/DCI

~~10~~

10-SA/PD/DCI Chrono

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COR-0063 -1

Copy No. 4



30 July 1958

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

SUBJECT : CORONA and 117L Financing

1. As of 1200 hours on 30 July it was agreed by Messrs. Gordon Gray, Killian and Goodpaster that discussion of the 117L Project should be handled as follows:

a. At the NSC meeting on 31 July there will be a general discussion which will involve no budgetary questions and no revelation whatsoever of CORONA. The purpose will be primarily informative and to discuss the concept and capabilities of the 117L system.

b. At a somewhat later date as yet undetermined there will be a more extensive and more detailed review of the 117L Project for the President. In this session the Director of the Bureau of the Budget will be invited to raise any budgetary questions he desires. This later session should probably be limited to persons witting of CORONA since it is difficult to explore the 117L Project without at least reference to CORONA costs and plans.

2. When the second meeting is held, various financial facts will be presented and issues will be raised. I am not familiar with all of them since I have only limited knowledge of the basic 117L program. I will attempt herewith, however, to summarize the more important facts in as clear a fashion as I can in case you need to be familiar with them.

a. ARPA has tentatively approved Fiscal Year 1959 funds for 117L and CORONA in the amount of [redacted] Of this sum, [redacted] is for 117L and [redacted] is for "additional" costs occasioned by CORONA (explained below).

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This document contains information
relating to Project CORONA

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25X1 b. The figure of [] for 117L represents a sizeable increase over an earlier approved expenditure of [] for this Project in the current fiscal year. This increase of [] over the earlier figure is probably the main cause of the Budget Director's current concern. I am not in a position to explain the considerations that have given rise to this increased request by the Air Force and that have justified ARPA's approval of the increase. 25X1 25X1

25X1 c. You should be aware (in case it is mentioned) that even the total of [] in Fiscal Year 1959 would not finance the full program of procurement and firings employing 117L hardware. Omitted from this total is any provision for some [] to [] that would be needed to finance five so-called Bio-medical vehicles programmed as part of the Man-in-Space Program. 25X1 The absence of any arrangement for these firings is of concern to us because the cover story for CORONA represents the CORONA launchings as related to the Man-in-Space Program. 25X1

3. I return now to the figure of [] quoted above as "additional" costs in Fiscal Year 1959 occasioned by CORONA. This is a peculiar number, the derivation of which you should understand.

a. You will remember that the basic financial agreement with respect to CORONA was that CIA would covertly procure and pay for the payloads; that ARPA would finance THOR and 117L vehicles together with certain overt costs of the payloads; and that these ARPA financed items would be procured by the Ballistic Missile Division of the Air Force.

b. CORONA as approved provided for twelve firings with recoverable satellites. In addition to these twelve, however, it will be necessary as a part of the process of development of the hardware to fire two instrumented vehicles for test purposes and to carry out two more test firings primarily in order to test the recoverable capsule and the recovery procedure. Finally, the procurement of three more THOR/117L vehicles for Biomedical launchings have been programed. Thus a total of nineteen such vehicles are scheduled to be procured and launched.

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c. Before CORONA was ever split off as a separate project, funding had been arranged for ten THOR Lockheed vehicles. Accordingly, to support the present program, nine additional first and second stages must be procured. Each THOR costs (in round figures) [] and each 117L second stage []

Thus each combination costs [] and the total additional funding required for nine more vehicles is []

d. The ARPA/Air Force program calls for the obligation of [] of these additional costs in Fiscal Year 1959 and [] in Fiscal Year 1960. This is the origin of the requirement for [] in Fiscal Year 1959 to cover "additional" costs occasioned by CORONA referred to in paragraph 2.a. above.

4. The preceding paragraph is an explanation of the [] figure which is most likely to be mentioned as related in some manner to the cost of CORONA. In fact as the explanation should have made clear this number has no real relation to the cost of CORONA and I believe it is important for you to know both how that cost was originally estimated and how it now appears:

a. Under date of 15 April 1958 an outline of CORONA was submitted for approval of higher authority. It stated: (1) That covert procurement of the payload would cost [] which would be provided by CIA. (2) That 12 first and second stage vehicles (THOR plus 117L hardware) would cost approximately [] and that this procurement would be financed "for the most part by ARPA through the Air Force". Thus the total cost of the Project was presented as []

b. Subsequently I have discovered that the estimate of [] for the vehicles given to me by ARPA and the Air Force was based on the assumption that the Air Force would absorb the cost of the THOR boosters, leaving only the cost of the Lockheed 117L second stage vehicles as a charge against CORONA to be paid by ARPA. Specific instructions were given by higher authority however that the whole cost of CORONA was to be covered by ARPA and CIA. Since THOR vehicles cost approximately [] each, some [] (the cost of 12 THORS) must be added to the original estimate of [] to obtain a realistic figure for the over-all cost of the vehicles. It

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must be said, therefore, that an honest estimate of the total cost of the program today is around [] including [] for vehicles and [] of our funds for the payloads.

c. Although it is fair to say that the estimated cost of this program has increased by [] since it was presented for approval in April it should be emphasized that this represents the inclusion of the new estimate of cost assumed to be covered in some other fashion when the original estimate was made. The increase does not represent any change in the estimated cost of producing specified pieces of hardware.

5. The following are the main financial problems confronting CORONA at the present time:

a. Even if the ARPA plan referred to in paragraph 2.a. above is finally approved, no financing is as yet in sight for certain costs common to the Biomedical program and CORONA. If the Biomedical program is abandoned, the number of firings and of vehicles to be procured can be reduced by three which would free more than enough ARPA funds for these common units. On the other hand, failure to carry out the Biomedical part of the program will make our cover story problem more difficult.

b. Although the figures in the preceding paragraph may be said to honestly reflect the cost of CORONA to the Department of Defense and ourselves, it must be understood that CORONA is dependent on many facilities being furnished and much development being carried out under the basic 117L program. Accordingly if that program is seriously cut into by the Bureau of the Budget, CORONA might well suffer. In particular I would mention that CORONA requires both completion of THOR launch pads at Cook AFB and of down-range tracking facilities in Alaska and the Hawaiian Islands. Moreover, CORONA requires a modified rocket engine using more advanced fuel and the development costs for this engine must come from 117L.

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c. Regardless of amounts of money finally approved, CORONA will suffer the major brunt of any protracted delays in arriving at decisions in releasing funds since the CORONA series of firings will be the first to employ the Lockheed second stage vehicle.

Dictated but not read by:

RICHARD M. BISSELL, JR.
Special Assistant to the Director
for Planning and Development

SA/PP/DCI:RMB:djm

1-DCI (Returned SA/PP/DCI)

2-D/DCI "

3-SA/PP/DCI Chrono (CORONA)

4-Comptroller PP/DCI

5-New PP/DCI/DCI

6-New PP/DCI



COR-0129
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27 August 1958

Dear Jack:

You are hereby advised that the subcontract between Fairchild and ITEK is approved as to source and type of contract. We have asked our Auditor to review the rates quoted by Fairchild. This information will be furnished to you as it becomes available.

Very truly yours,

[Redacted]
Contracting Officer

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DPS/DCI: [Redacted]

Distr:

- Orig - [Redacted] LAC
2 - RT-100/(Prop.Sec. w/COR-0121 & Encl.)
✓3 - Finance
4 - Chrono